

Wisconsin Shares Program Integrity Summary Compares Program Pre-July 2009 with Current

The department's focus on and investment in program integrity shifted significantly in 2009 from one of maintenance and reaction to one of aggressive, proactive prevention, detection, and enforcement.

Child Care Subsidy Fraud Prevention

Before July 2009:

- No internal investigation process was in place.
- Funding was provided to counties and tribes with minimal guidance and assistance.
- Milwaukee County had 3.0 FTE devoted to provider investigations and an additional 7.0 FTE that were vacant.
- No referral mechanism was in place for licensors and certifiers to report suspected fraud.
- There were no restrictions on Shares participants working for their child's provider.
- Provider attendance reporting was done largely through an "honor" system with few checks and balances.
- The focus was on finding overpayments, not fraud. Fraudulent providers were allowed to stay in business.

Now:

- DCF's investigation process for provider fraud is now proactive and comprehensive.
- DCF now has 10.0 FTE County staff, 8.0 FTE state project staff, and 15 contractors devoted to child care provider investigations in Milwaukee County.
- DCF provides counties and tribes with training, technical assistance, and funding to assist with the investigation of fraud.
- Beginning in 2010, DCF required counties and tribes to submit an annual fraud plan outlining prevention, detection, and overpayment recovery efforts.
- In 2009, DCF provided regional licensing offices and MECA certifiers with common fraud indicators to identify during the child care licensing/certification process.
- In 2009, state law changed to limit the number of employee children in a child care center to no more than 40%. DCF monitors compliance.
- In July 2010, DCF established a child care authorization unit in Milwaukee County with staff trained to identify common fraud indicators.
- In 2010, DCF created a Quality Improvement Unit in the Southeastern regional licensing office to enhance monitoring of licensed child care providers who have repeated licensing violations or child care subsidy violations.
- In 2010, DCF developed additional attendance reporting modes that capture more detail about the actual time children attend child care.
- DCF wrote a detailed training guide for statewide use with compliance training.

Child Care Subsidy Fraud Detection:

Before July 2009:

- There was 0.25 FTE devoted to central office fraud detection and program integrity efforts.
- Outside of local agency contracts, DCF was spending less than \$100,000 annually on anti-fraud efforts.
- Under \$2 million in overpayments was being established annually.
- There was no central location for the public to send fraud referrals.
- Data was not being used in a regular method to track suspected fraud.
- On site visits to audit providers were preannounced and providers were allowed additional time to collect and submit their attendance records.
- Law enforcement efforts were minimal in child care provider fraud.

Now:

- There are currently 8.0 FTE (5 permanent, 3 project) devoted to state oversight of program integrity (includes 1.0 FTE assigned to the Milwaukee Child Care Anti-Fraud Task Force) and 4 contract staff conducting provider audits.
- DCF currently invests approximately \$2 million annually in its total anti-fraud efforts in addition to the local agency contracts.
- Since 2009, DCF has suspended payments to more than 230 providers and established overpayments against clients and providers totaling \$5.2M in 2009 and \$9.2M in 2010.
- Since September 2009, DCF has received over 3,000 fraud referrals.
- DCF uses data mining to evaluate more than a dozen indicators associated with fraud.
- DCF tracks the movement of children who were displaced from closed providers.
- DCF expanded MECA Program Integrity efforts, hiring over 20 temporary staff.
- DCF is expanding 2nd and 3rd shift monitoring visits to ensure billed care is being provided.
- DCF has created child care anti-fraud task forces in Milwaukee, Racine, and Kenosha Counties to investigate child care providers whose fraudulent actions rise to the level of criminal violations. Milwaukee County has criminally charged 14 child care providers.
- DCF has dedicated 1.0 FTE and 5.0 LTE to the Task Force in Milwaukee County.
- MECA Client Investigations Unit has a fraud hotline and introduced a fraud email address.
- MECA Client Investigations Unit has cleared all the 2008-2009 acquired child care case backlog and investigated approximately 1,038 referrals.
- MECA has partnered with UWM to cross-match data from multiple agencies to ID fraud.

Child Care Subsidy Overpayment Recovery:

Before July 2009:

- Collections were only successful by keeping the provider in business so that their issuance could be recouped for repayment.
- There were no methods for collecting debts from providers who were no longer active in the subsidy program.

Now:

- DCF has established \$14.4 M in overpayments against clients and providers since 2009.
- MECA established \$3.7 M in client overpayments in 2010, and \$1.7M in 2009.
- Overpayments against providers active in the subsidy program are offset against future issuances
- For providers no longer active in the subsidy program, DCF uses all tools available to the state to collect debt including: tax intercepts, levies, liens, and warrants. Since September 2009, \$2.4 million has been forwarded to the Public Assistance Collection Unit for formal collections.

List of law changes that have been put in place to address fraud issues in Shares and toughen the current laws – with dates:

- Budget Repair Bill - 2009 Wisconsin Act 2 - published 3/5/2009. Creation and staffing of Fraud Detection and Investigation Unit (five total positions)
- 2009-2011 Budget Bill - 2009 Wisconsin Act 28 - published 6/29/2009. Creation of refusal to pay and 49.155 enforcement measures, added automated adjustments to authorizations, added 60/40 rule, added requirement for providers to maintain records for 3 years.
- 2009 Wisconsin Act 76 - published 11/25/2009. Caregiver Background Law, with cross-over impacts on 49.155
- 2009 Wisconsin Act 77 - published 11/25/2009. Established personal liability of officers, directors, and employees of child care providers.
- Emergency Rule - CR 10-086 - effective 7/9/2010. Permanent Rule - effective 1/1/2011. Revision to DCF 201 relating to overpayments, collections, and penalties

Changes in Wisconsin Shares (Child Care) Eligibility Determination Processes:

2002:

- Added monitoring and reporting tools to be used by agencies when monitoring the Wisconsin Shares Child Care Subsidy program to meet new requirements in the Child Care Contract.
- As a result of the 2001-2003 Wisconsin State Budget, statutory language was changed to clarify the intent that parents should not receive Wisconsin Shares child care subsidy payments for caring for their own children.

2003:

- Implemented an automatic update of new hire information in CARES through the data exchange process, including sending out an employment verification form and cover letter to the customer.

2004:

- Implementation of Phase II of the Electronic Case File (ECF) project. With the conversion to electronic documents, workers are able to access and scan an entire case folder, or locate a specific document within a folder and view it on their screen.
- Changes made to CARES to allow the automatic update of Social Security (SS) benefit and Medicare benefit information received through the Benefit Data Exchange (BENDEX)/COLA process.

2005:

- Replaced the Six Month Face to Face review process with a paper mail-in form called a Six Month Report Form [SMRF] and consolidated it with the DHS Food Share form. Clients would see their worker in person every 12 months.

2007:

- Changed the method of determining income eligibility for some parents who have met the migrant farm worker definition to average income over 12 month period.

2008:

- Waived Face-to-Face interview requirements for applicants and 12-month reviews to synch to DHS FoodShare policies. Allowed for applications and 12 month reviews to be conducted by phone.
- Employment requirement increased from 1 hour per month to 5 hours per week for higher education to be approved for child care.
- Eliminating eligibility for Wisconsin Shares for self-employed individuals who do not meet 7 out of the 10 criteria established for self-employment legitimacy testing set by the Unemployment Division of DWD.
- Added a requirement that the schedule for work or other approved activity be documented in CARES.

2009:

- Added the requirement for Federal Employment Identification Number (FEIN) be documented for all employment verification and added additional verification steps if the employment is at a child care provider or is questionable.
- Added requirement for employer verification to include the number of hours per week an employee is employed.
- Added a requirement for the worker to make specific comments if the work or approved activity occurs during second or third shift.

- Changed policy so that employment at an unregulated child care provider no longer forms the basis for child care eligibility.
- No longer allow Shares payments to providers when more than 40% of the children served are children of employees of the provider.

2010:

- Created a separate child care authorization unit in Milwaukee Early Care Administration to improve accuracy of care authorizations in Milwaukee County.
- Changed policies to allow participants to complete applications and SMRFS online via the ACCESS system and to accept electronic signatures on these documents.

Changes in Wisconsin Works (W-2) Eligibility Determination Processes

NOTE: Benefit increases are *italicized*.

1998

- *Increased Community Service Job (CSJ) and Wisconsin Works Transition (W-2T) payments to \$673 and \$628 from \$555 and \$518, respectively. (1997 Wisconsin Act 27)*
- *Implemented a monthly SSI Caretaker Supplement (C-Supp) payment of \$100 for each eligible child to help with the support of SSI recipient's dependent children. (1997 Wisconsin Act 27)*

2000

- Eliminated the 60-day residency requirement. (1999 Wisconsin Act 9)
- Added child support, family support and child support arrears as income disregards. (1999 Wisconsin Act 9)
- Added the income of a dependent minor child or dependent 18 year old as an income disregard. (1999 Wisconsin Act 9)
- Implemented prorated CSJs. (1997 Wisconsin Act 27)
- Changed Emergency Assistance policy to allow impending homelessness as a covered need. (1999 Wisconsin Act 9)
- *Increased SSI Caretaker Supplement payment to \$250 for one eligible child and \$150 for each subsequent eligible child in the household. (1999 Wisconsin Act 9)*

2002

- Implemented policy disregarding any student financial aid received under any federal or state program and any scholarships used for tuition and books. (2001 Wisconsin Act 16)
- Updated the definition of a qualified alien to include:
- An alien who is lawfully residing and is one of the following:
- An armed forces veteran who received an honorable discharge that was not on account of alienage and who completed either 24 months of continuous active duty or the full period for which the individual was called, unless the individual received a hardship discharge under 10 USC 1173, early discharge under 10 USC 1171, or a discharge due to a disability incurred or aggravated in the line of duty.
- On active duty in the armed forces of the United States, other than active duty for training
- The spouse of an individual described in subdivision a. or b., or the unremarried surviving spouse of an individual described in subdivision a. or b. if the marriage was for one year or more or the individual had a child in common.

2003

- Implemented policy that extends W-2 eligibility to legal, temporary immigrants who have an Employment Authorization Document (EAD).
- Informed Wisconsin Works (W-2) agencies of the ending of Supplemental Security Income (SSI) benefits for certain disabled non-Citizens who may be eligible for the W-2 program. *(Directive from United States Department of Health & Human Services (DHHS), Administration of Children and Families (ACF) based on Federal Law Change)*
- Disregarded federal benefits issued to children of Vietnam Veterans who are born with birth defects other than Spina Bifida. *(Directive from United States Department of Health & Human Services (DHHS), Administration of Children and Families (ACF) based on Federal Law Change)*

2005

- Changed Emergency Assistance policy to allow families who are homeless or facing impending homelessness to be eligible for EA after twelve months since any previous EA payment for fire, flood, natural disaster, energy crisis, homelessness or impending homelessness. This is a change from 36 months. *(2005 Wisconsin Act 25)*

2007

- Eliminated the requirement that W-2 agencies ensure that the average of all Job Access Loan (JAL) amounts in a 12-month period does not exceed \$800. *(Recommendation by Wisconsin's Legislative Audit Bureau)*
- Clarified the temporary absence of a child policy on providing W-2 services when a child is temporarily absent from the home, and for specific circumstances, implements a case-by-case exception to the up-to-three months time period for providing W-2 services in current policy. *(Operations Memo 07-20)*

2008

Clarified that the following income should be disregarded:

- Certain payments under the National Flood Insurance Program.
- Transitional Drug Subsidies under the Medicare Prescription Drug, Improvement, and Modernization Act.
- Federally issued GI Bill and related veteran's education assistance income.
- *(Directive from United States Department of Health & Human Services (DHHS), Administration of Children and Families (ACF) based on Federal Law Change)*

2009

- Introduced the At-Risk Pregnancy (ARP) payment for unmarried, pregnant women in their 3rd trimester of pregnancy who cannot work, as determined by a physician. *(2009 Wisconsin Act 28)*

2010

- Provided new policy that requires any program funded in whole or in part with federal funds disregard Federal tax refunds received after December 31, 2009 as income and as a resource for 12 months. *(Directive from United States Department of Health & Human Services (DHHS), Administration of Children and Families (ACF) based on Federal Law Change)*

2011

- Added Operation Fresh Start income to the list of income with limited disregards. *(Policy Clarification)*